

## Message Text

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PAGE 01 STATE 012800  
ORIGIN COME-00

INFO OCT-01 ARA-14 ISO-00 EB-08 /023 R

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R 172152Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY BRASILIA  
AMCONSUL SAO PAULO  
AMCONSUL RIO DE JANEIRO

UNCLAS STATE 012800

E.O. 11652: N/A

TAGS: BEXP, AFSP, BR

SUBJECT: COUNTRY COMMERCIAL PROGRAM FOR BRAZIL FY-1979  
GUIDANCE

REF: A) BRASILIA 3176; B) STATE 44899; C) STATE 000118

1. THE FOLLOWING ADDRESSES THE PRELIMINARY INPUTS FOR FY 1979 CCP CONVEYED BY REFTEL (A) IN RESPONSE TO STATE 44899. IT IS PROVIDED AS GUIDANCE TO ASSIST IN FORMULATION OF THE MISSION'S DRAFT CONTRIBUTIONS FOR FY 1979 PURSUANT TO REFTEL (C).

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2. IN THE FY 78 CCP FOR BRAZIL, A MAJORITY OF THE CAMPAIGNS AND OTHER SPECIAL EFFORTS WERE DIRECTED TO THOSE PARTICULAR EVENTS ALREADY PROGRAMMED TO BE HELD AT THE TRADE CENTER DURING FY 78. RESULTS OF TRADE CENTER ACTIVITIES TO DATE CONFIRM POSITIVE SUPPORT FROM ALL ELEMENTS OF THE U.S. MISSION. FY 79 PROMOTION EVENTS HAVE BEEN CHOSEN TO

MAXIMIZE SALES AND, WHERE POSSIBLE, REFLECT THE POST'S RECOMMENDATIONS UNDER BEST PROSPECTS. WHILE THE TRADE CENTER SHOULD NOT REQUIRE AS MUCH RESOURCE SUPPORT FROM THE CCP AS WAS REQUIRED IN FY 78, THE TRADE CENTER WILL CONTINUE TO BE A FOCAL POINT FOR MUCH COMMERCIAL ACTIVITY. THE MISSION'S CONTINUED SUPPORT OF THE U.S. TRADE CENTER IS A

VITAL COMPONENT IN THE THRUST OF THE COUNTRY COMMERCIAL PROGRAM.

3. AS POST IS AWARE, U.S. EXPORT TO BRAZIL DROPPED SHARPLY IN CY 77. THE TOTAL VALUE OF U.S. EXPORTS TO BRAZIL-OCTOBER YEAR-TO-DATE WAS 2.068 BILLION DOLLARS. THIS FIGURE REPRESENTS A THIRTEEN PERCENT DECLINE OVER THE SAME PERIOD IN 1976. A MORE IMPORTANT FIGURE IS THE APPROXIMATE FOUR PERCENT DECLINE IN THE U.S. MARKET SHARE. THE GOVERNMENT OF BRAZIL'S PRESENT RESTRICTIVE POLICIES ON PUBLIC SECTOR INVESTMENT AND EXPENDITURES, ITS SEVERE RESTRICTIONS ON IMPORTS COMBINED WITH BILATERAL POLITICAL ISSUES WILL REQUIRE A COMMERCIAL PROGRAM TAILORED TO PROVIDE A MAXIMUM RETURN ON OUR COMMERCIAL RESOURCES.

4. WE SHOULD DEVOTE AN APPRECIABLE PART OF OUR EFFORTS TO ASSISTING U.S. INDUSTRY IN ENDEAVORING TO CAPITALIZE ON OPPORTUNITIES OFFERED BY GOB EFFORTS TO STIMULATE THE ENERGY, MACHINE TOOL, CHEMICAL/PETROCHEMICAL AND

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COMMUNICATION SECTORS.

5. OTHER THAN AS DETAILED BELOW, THE PATTERN AND THEMES OF CAMPAIGNS AND SOME OSPES SUGGESTED IN REFTEL (A) WOULD SEEM TO PROVIDE AN OPTIMUM PROGRAM ADAPTABLE TO THE FOREGOING APPRAISAL. THEY CORRESPOND WELL TO THE BEST PROSPECTS REPORT WHICH, TOGETHER WITH PRELIMINARY CCP, WAS DRAWN UPON IN DEVELOPING THE FY-1979 EVENTS SCHEDULE. ACCORDINGLY, WE NOTE THAT E/C ELEMENTS CAN EXPLOIT FOR CAMPAIGN PURPOSES SCHEDULED EVENTS MATCHING THREE OF THE FIVE CAMPAIGNS.

6. AS MISSION AWARE, A CHEMICAL/PETROCHEMICAL EXHIBITION IS NOW SCHEDULED FOR JUNE 1979. IN VIEW OF NUMBER 5 PRIORITY RANKING WOULD IT NOT BE DESIREABLE TO DELETE THE PROPOSED OSPE AND CONVERT THIS THEME TO A FULL CAMPAIGN? WHILE POST HAS PLACED PLASTIC PRODUCTION AND TEXTILE MACHINERY HIGH ON THE PRIORITY LIST, NUMBER 3 AND NUMBER 4 RESPECTIVELY, CURRENT INDICATORS SUGGEST BOTH SECTORS STILL TWO OR THREE YEARS AWAY FROM MAJOR GROWTH. WE WOULD SUGGEST THAT THESE SECTORS BE INCLUDED AS HIGH PRIORITY OSPE FOR FY 79 CCP AND CAMPAIGNS, AS APPROPRIATE, FOR

FY 80.

7. ENERGY SYSTEMS, A SEPTEMBER 79 TRADE CENTER EVENT, COULD BE ELEVATED TO FULL CAMPAIGN STATUS. THIS WOULD BRING TOTAL CAMPAIGNS TO FIVE. RECENT GOB EFFORTS IN ENERGY SECTORS, I.E. REDUCTION OF TARIFF, ELIMINATION OF PRIOR DEPOSIT AND LAW OF SIMILIAR REQUIREMENTS COMBINED

WITH RISING DEMAND FOR SELF CONTAINED POWER GENERATING AND DISTRIBUTION SYSTEMS FOR FACTORIES SHOULD OFFER MANY OPPORTUNITIES FOR THE U.S. BUSINESS COMMUNITY. RESULTS FROM FY 78 PLANNED EVENTS SHOULD PROVIDE DIRECTION FOR CAMPAIGN ACTIVITIES IN FY 79.

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8. REMAINING T.C. EXHIBITIONS, I.E. COMMUNICATIONS, COMPUTERS, MIGHT BE INCORPORATED UNDER ONE OSPE AS WAS DONE FOR THE '78 CCP. WE AGREE THAT DIRECT REDUCTION STEEL SHOULD BE INCLUDED AS OSPE, BUT VERY DOUBTFUL THAT A COMMERCIAL EVENT COULD BE MOUNTED. A RECENT INDUSTRY POLL INDICATES U.S. UNIVERSE TOO SMALL FOR EVEN A TRADE MISSION.

9. MISSION SHOULD INCORPORATE MAJOR PRODUCTS ACTIVITY IN APPROPRIATE CAMPAIGNS AND SHOULD CONSIDER OSPE TO COVER EFFORTS ADDRESSED TO PROJECTS IN NON-CAMPAIGN SECTORS. NOW THAT MISSION HAS TRANSLATED MARKET PLACE USA INTO PORTUGUESE, WE ANTICIPATE MISSION WILL WISH AS IN FY 78 TO EXPLOIT IN CAMPAIGNS PARTICULARLY SUITABLE FOREIGN BUYERS - SUPPORTED SHOWS IN THE U.S.

10. WE APPRECIATE POST'S CONCERN THAT RESOURCE LIMITATION WILL PERMIT EFFECTIVE SUPPORT OF NO MORE THAN EIGHT OR NINE CAMPAIGNS AND ACTIVITIES IN FY 79. WE ARE NOT AWARE OF PENDING RESOURCE REDUCTIONS AND CONSIDERING OUR COMMENTS IN PARAGRAPH THREE, ABOVE, WOULD HOPE TO MAXIMIZE OUR EFFORTS IN 79. FINAL PROGRAM LEVEL AND ALLOCATIONS WILL BE CAREFULLY CONSIDERED DURING POST CCP CONSULTATIONS.

11. WE WOULD WELCOME ANY QUESTIONS OR OBSERVATIONS REGARDING FOREGOING SHOULD MISSION FIND IT DESIREABLE TO DO SO PRIOR TO SUBMISSION OF ITS FINAL CCP DRAFT CONTRIBUTION. CHRISTOPHER

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